

States’ Medicaid-directed payments targeted for potential cuts

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CQ-Roll Call/The Tribune
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House Republicans are considering upending the way some states fund their Medicaid programs as they scour for ways to find billions of dollars in savings from the health program. They are looking at states’ practice of taxing health care providers, which allows the states to leverage more Medicaid funding from the federal government. Supporters say that helps states increase rates for underpaid health care providers, but critics say it is akin to legal “money laundering.”

States can use these taxes to pay for their share of Medicaid spending, which the federal government then matches. But critics say the state’s share should come from their general funds, not from health care providers, who ultimately benefit from higher Medicaid spending. The discussions about the state-directed payments are part of efforts to find up to \$880 billion in Medicaid savings to pay for an extension of President Donald Trump’s tax cuts, border security and other priorities. “We’re having discussions on provider taxes,” Energy and Commerce Chairman Brett Guthrie, R-Ky., said in a brief interview, adding that a “number” of Republicans believe the system allows states to draw down more



GREG NASH Pool file/Getty Images/TNS

Rep. Brett Guthrie, R-Ky., said in an interview that a “number” of Republicans believe the current system allows states to draw down more Medicaid money by taxing health care providers doesn’t encourage efficiency.

Medicaid money but doesn’t encourage efficiency. “With provider taxes, it’s not really competing with everything else in the state general fund, and so we’re trying to figure out ways that we can make states more efficient with the money,” Guthrie said. Medicaid, the \$900 billion program that pays for health care for low-income children, adults and people with disabilities, is jointly funded by the states and the federal government. Any change in the federal share of spending would likely shift costs to states, which would then have to make hard decisions about what

to cut or how to find additional money to fund their programs. The directed payments have become a major way states increase payments to providers. Medicaid managed care plans are directed to increase payments to certain providers, typically with the goal of increasing access to care for beneficiaries. Many states tax providers to finance their share of these payments, which the federal government matches at a certain rate. It’s a completely legal arrangement, but one that needs more transparency, according to the Medicaid and CHIP Payment and

Access Commission, or MACPAC, which advises Congress on policy. And it has become a target for Republicans seeking ways to cut Medicaid, though the financing arrangements have been questioned by Democrats in the past as well. **‘EGREGIOUS AND GROWING’** Critics of this arrangement question whether it is fair for states to use provider taxes to leverage more money from the federal government because providers can eventually get that money back through the increased payments. “There is strong policy

reasons to reduce money laundering in the program,” said Brian Blase, president of Paragon Health Institute, an influential think tank among Republicans in the White House and Congress. “I feel like the problem is egregious and growing, and states are shifting all the costs to the federal government.” Health officials and state leaders have defended the practice, particularly in states that haven’t expanded Medicaid under the 2010 health care law, arguing that Medicaid programs often underpay providers. “What’s important in Wisconsin is that all of our provider taxes are connected to a policy goal and a policy outcome we are trying to drive,” said Wisconsin Medicaid Director Bill Hanna, adding that the payments are intended to incentivize providers to take Medicaid patients. “The more Medicaid patients a hospital sees, the more of that sort of tax that they would get back, or above what they pay out. Whereas hospitals that don’t see many Medicaid patients ultimately do not sort of get all of their tax back. That was very intentional.” A state can tax providers to finance their share of these payments, but only up to 6% of a provider’s net patient revenues - the so-called safe harbor rate. According to a lobbyist familiar with discussions, Republicans are consid-

ering dropping that percentage to 5%, which the Congressional Budget Office estimates would save the federal government about \$48 billion over 10 years. The ultimate decision depends on whether Republicans can reach an agreement on other Medicaid savings. They are also considering Medicaid work requirements, more frequent eligibility checks, and reducing the federal share of spending for the expansion population. “If you do the work requirements and eligibility requirements, states are going to save money too, and so we’ve to figure out what states save money,” Guthrie said. But lowering the safe harbor rate wouldn’t be without controversy. State hospital associations have quietly lobbied their congressional delegations, warning about potential cuts, especially in states that have not expanded Medicaid. “There are major political obstacles. States and providers like all the money coming into them,” Blase said. Hospitals have been among the groups lobbying hard against changing the ability of states to use provider taxes to fund state-directed payments, particularly in states that haven’t expanded Medicaid. “Without these payments, hospitals in our states would immediately reduce services and close locations, jeopardizing health care access for millions of patients,” several hospital associations, including those in Texas, Florida and Georgia, said in February in a letter to Trump. None of those states expanded Medicaid.

Week in review

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Trump links tariff revenue to potential income tax cuts below \$200K

President Trump proposed using tariff revenue to reduce or eliminate income taxes for Americans earning under \$200,000 annually. The announcement comes amid growing public concern over his economic policies, with a CBS News poll showing 69% of Americans believe his administration isn’t focused enough on lowering prices. Treasury Secretary Scott Bessent defended the administration’s approach, discussing ongoing trade negotiations with 17 key partners and maintaining confidence in U.S. markets despite recent volatility.

— REPORTED BY BLOOMBERG
Published April 27

Wisconsin judge arrested for obstructing immigration agents

A Wisconsin state judge faces federal charges after allegedly helping an undocumented immigrant evade arrest in her courtroom. Milwaukee County Circuit Judge Hannah Dugan was arrested by the FBI after directing Eduardo Flores-Ruiz through a private exit when immigration agents arrived to detain him, according to an FBI affidavit. Attorney General Pam Bondi condemned Dugan’s actions, while Wisconsin Gov. Tony Evers criticized the Trump administration for undermining the judiciary. The case highlights tensions between federal immigration enforcement and state courts as the administration pursues mass deportations. In a similar case, a former New Mexico judge and his wife were arrested over evidence-tampering allegations related to a Venezuelan gang member.

— REPORTED BY TRIBUNE CONTENT AGENCY
Published April 25

Vietnam shifts narrative on 50th anniversary of Saigon’s fall

Vietnam is marking the 50th anniversary of Saigon’s fall with celebrations, but with a notable shift in terminology. The holiday, officially known as “The Liberation of the South and National Reunification Day,” is increasingly being referred to simply as “Reunification Day.” This change reflects Vietnam’s efforts toward national reconciliation and diplomatic flexibility, particularly in balancing relationships with both the US and China. The government’s softer rhetoric aims to bridge gaps with the Vietnamese diaspora while maintaining strategic international partnerships.

— REPORTED BY LOS ANGELES TIMES
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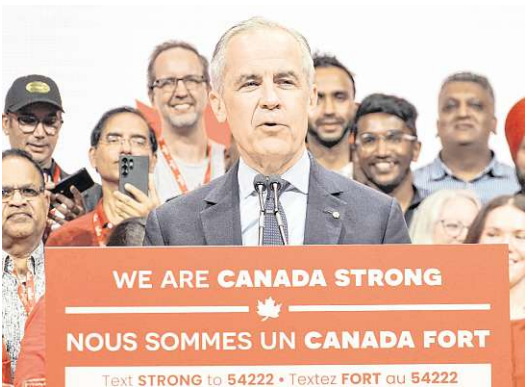
THANH HUE TNS

People take part in a parade marking the 50th anniversary of the liberation of the South and the reunification of Vietnam on April 30 in Ho Chi Minh City, Vietnam.

Carney wins Canadian election amid Trump trade tensions

Mark Carney’s Liberal Party has secured a fourth consecutive term in Canada’s federal election, though by a narrow margin. The former central banker will now manage Canada’s response to US President Donald Trump’s ongoing trade war. Final results show Liberals winning 169 seats compared to the Conservative Party’s 144 seats. Carney, speaking in Ottawa, emphasized that “Canada’s old relationship with the US is over” and stated the country has “many other options than the United States to build prosperity.” The election was heavily influenced by concerns about how Canada would navigate economic challenges, including near-recession conditions and deteriorating US trade relations.

— REPORTED BY BLOOMBERG
Published April 29



Canadian Prime Minister Mark Carney speaks after his Liberal Party won the general election the previous day.

Trump’s economic approval declines as tax plan faces scrutiny

Discontent with President Trump’s economic policies, notably his tariff rollout, is eroding his popularity as he passed the symbolic 100-day mark of his second term. Multiple polls show Americans perceive Trump as falling short on his promise to strengthen the economy. Only 39% of Americans approved of his economic stewardship, according to CNN polling. The declining approval ratings increase pressure on Republicans to pass Trump’s tax plan, with incentives like no taxes on tipped wages and overtime, plus car loan interest deductions.

— REPORTED BY BLOOMBERG
Published April 27



Donald Trump

Vancouver police reveal prior contact with ramming suspect

Police confirmed they had non-criminal contact with Kai-Ji Adam Lo one day before he allegedly drove an SUV into a crowd at Vancouver’s Lapu-Lapu Day festival, killing 11 people and injuring dozens. The suspect, who has a history of mental health issues, faces eight counts of second-degree murder with more charges expected. Little information about a motive has been made public, but authorities have said it was not a terror attack. The victims, ranging from 5 to 65 years old, included nine men and two women.

— REPORTED BY UPI
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